

Message Text

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INFO OCT-01 EUR-25 ADP-00 CIAE-00 DODE-00 PM-07 H-02

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-12 AF-10 ARA-11 EA-11 NEA-10 AID-20 EB-11 OMB-01

TRSE-00 ACDA-19 GAC-01 AGR-20 COME-00 CIEP-02 SCI-06

HEW-08 CEA-02 STR-08 DOTE-00 RSR-01 SIL-01 LAB-06

HUD-02 OPIC-12 IGA-02 XMB-07 TAR-02 SPM-01 /278 W

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R 071445 Z JUN 73

FM USMISSION USUN NY

TO SECSTATE WASHDC 8312

INFO USMISSION GENEVA

USMISSION OECD PARIS

UNCLAS SECTION 3 OF 5 USUN 2135

SUBJ: COMMITTEE ON REVIEW AND APPRAISAL

21. DEVELOPING COUNTRIES HAVE MADE EFFORTS TO PROMOTE TRADE AMONG THEMSELVES AND TO ESTABLISH OR STRENGTHEN REGIONAL, SUBREGIONAL OR INTERREGIONAL ECONOMIC CO- OPERATION AND INTEGRATION. WHILE THE RESULTS HAVE IN SOME CASES FALLEN SHORT OF EXPECTATIONS, THE NEED FOR PERSEVERANCE AND FOR DEVISING INNOVATIVE SOLUTIONS REMAINS UNDIMINISHED.

22. HOWEVER, THE ECONOMIES OF THE DEVELOPING COUNTRIES REMAIN EXTREMELY VULNERABLE TO THE EXTERNAL CLIMATE AND TO THE POLICIES AND ACTIONS OF THE DEVELOPED COUNTRIES. THUS, THE SUCCESS OF BOLD AND FAR- REACHING EFFORTS BY THE DEVELOPING COUNTRIES TO ACCELERATE THEIR ECONOMIC AND SOCIAL PROGRESS IS STILL CONTINGENT UPON THE AVAILABILITY OF FAVOURABLE EXTERNAL FACTORS. IN THE MAJORITY OF CASES, THE INTERNAL EFFORTS MADE BY THE DEVELOPING COUNTRIES HAVE NOT BEEN ACCOMPANIED BY AN ADEQUATE INTERNATIONAL EFFORT OF CO- OPERATION, NOR HAVE THE EXTERNAL CONDITIONS BEEN ACCEPTABLE.

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IN MANY CASES, THEIR ACTION HAS BEEN LIMITED BY THE EXTERNAL FACTORS SUCH AS THE DETERIORATION IN THE TERMS OF TRADE AND THE INAEQUACY OF DEVELOPMENT FINANCING, TRANSFER OF TECHNOLOGY AND TECHNICAL ASSISTANCE. AN ASSESSMENT OF THE PERFORMANCE OF THE

DEVELOPED COUNTRIES IN TERMS OF THEIR CONTRIBUTION TO IMPROVING THE ECONOMIC ENVIRONMENT FOR THE ACCELERATED PROGRESS OF THE DEVELOPING COUNTRIES IS THEREFORE NOT ONLY PERTINENT BUT ALSO CRUCIAL.

C. PERFORMANCE BY DEVELOPED COUNTRIES.

23. EVEN AFTER NEARLY THREE YEARS SINCE THE ADOPTION OF THE INTERNATIONAL DEVELOPMENT STRATEGY, MOST DEVELOPED COUNTRIES HAVE NOT AS YET INTRODUCED MAJOR POLICY CHANGES IN ITS SUPPORT. SOME DEVELOPED COUNTRIES HAVE DEMONSTRATED A WELCOME SENSE OF COMMITMENT TO THE PROVISIONS OF THE STRATEGY, BUT MOST HAVE ACCORDED A LOW PRIORITY TO THE DEVELOPMENT PROBLEMS OF THE DEVELOPING COUNTRIES. THERE IS A DANGER THAT, OWING TO THE PREOCCUPATION OF MANY DEVELOPED COUNTRIES WITH THE READJUSTMENT OF THEIR OWN MUTUAL RELATIONS, THE URGENT NEED FOR IMPLEMENTING THE POLICY MEASURES EMBODIED IN THE STRATEGY WILL BE DISREGARDED.

24. THE SITUATION HAS BEEN UNSATISFACTORY IN THE IMPLEMENTATION OF PRACTICAL MEASURES RELATING TO THE INTERNATIONAL TRADE OF THE DEVELOPING COUNTRIES, PARTICULARLY THE LEAST DEVELOPED AMONG THEM

(A) NO AGREEMENT WAS ACHIEVED ON A SET OF GENERAL PRINCIPLES ON A PRICING POLICY AND ACCESS TO MARKETS FOR COMMODITIES BY THE DATE SET IN THE STRATEGY.

(B) THE SOLE ACHIEVEMENT WITH REGARD TO PRIMARY COMMODITIES WAS THE CONCLUSION OF THE INTERNATIONAL COCOA AGREEMENT, THE PREPARATION OF WHICH EXTENDED OVER MORE THAN 16 YEARS AND WHICH HAS NOT UNIVERSALLY BEEN ADHERED TO. SEVERAL PRIMARY COMMODITIES OF INTEREST TO A LARGE NUMBER OF DEVELOPING COUNTRIES STILL SUFFER FROM A LACK OF ACCESS TO EXTERNAL MARKETS AND OF AN ACCEPTABLE NON-DISCRIMINATORY PRICING POLICY BY DEVELOPED COUNTRIES. DESPITE THE CURRENT SERIES OF INTERGOVERNMENTAL CONSULTATIONS, PRACTICAL RESULTS WITH REGARD TO EXPORTS FROM DEVELOPING COUNTRIES OF NATURAL MATERIALS FACING COMPETITION FROM SYNTHETICS HAVE BEEN EXTREMELY LIMITED.

(C) ALTHOUGH THE ARRANGEMENTS INTRODUCED BY DEVELOPED COUNTRIES WITHIN THE GENERALIZED SCHEME OF PREFERENCES REPRESENT A BREAK-
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THOROUGH IN THE TRADITIONAL CONCEPT OF INTERNATIONAL TRADE AND CO-OPERATION, THEIR BENEFIT TO DEVELOPING COUNTRIES HAS BEEN LIMITED, PARTICULARLY IN THE CASE OF THE LEAST DEVELOPED COUNTRIES, OWING SPECIALLY TO THE GENERAL NON-INCLUSION OF ITEMS FALLING WITHIN CHAPTERS 1-24 OF THE BRUSSELS TARIFF NOMENCLATURE, THE EXCLUSION OF A NUMBER OF ITEMS IN CHAPTERS 25-99 AND ALSO THE INTRODUCTION IN THESE SCHEMES OF SUCH OBSTACLES AS SAFEGUARD CLAUSES, CEILINGS AND OTHER NON-TARIFF BARRIERS AND DISCRIMINATORY CLAUSES. MOREOVER, NOT ALL DEVELOPED COUNTRIES HAVE AS YET IMPLEMENTED

THE SYSTEM OF GENERALIZED PREFERENCES. EVEN THE MEAGRE BENEFITS SECURED SO FAR STAND IN DANGER OF EROSION AS A RESULT OF THE ENLARGEMENT OF THE PREFERENTIAL ARRANGEMENTS AMONG DEVELOPED

COUNTRIES AND THE PROSPECTS OF REDUCTIONS IN TARIFFS AMONG THEM
FOLLOWING THE FORTHCOMING MULTILATERAL TRADE NEGOTIATIONS.

(D) EVEN THE COMMITMENT TO MAINTAIN A STANDSTILL HAS BEEN DISRE-
GARDED. NON- TARIFF BARRIERS INSTEAD OF BEING LIBERALIZED HAVE
BEEN INTENSIFIED OR ARE PROPOSED TO BE INTENSIFIED BY DEVELOPED
COUNTRIES AGAINST PRODUCTS OF EXPORT INTEREST TO DEVELOPING
COUNTRIES - AS WITNESSED FOR EXAMPLE, IN
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(B) COMMITMENTS OF SOCIALIST COUNTRIES OF EE TO TRANSFER
FINANCIAL RESOURCES INCREASED SUBSTANTIALLY DURING FIRST
TWO YEARS OF 2 ND DEV DECADE ALTHOUGH AMOUNT ACTUALLY DISBURSED
ON A YEAR- TO- YEAR BASIS IS NOT KNOWN. IN GENERAL, THESE
TRANSFERS HAVE BEEN PROVIDED ON SOFT TERMS. HOWEVER, DUE
TO A NUMBER OF FACTORS, TRANSFERS FROM THESE SOCIALIST
ECONOMIES HAVE REMAINED CONCENTRATED IN A FEW DEVELOPING
COUNTRIES.

(C) IN FACE OF A STRINGENCY OF OFFICIAL DEVELOPMENT ASSISTANCE
FROM ABROAD, DEVELOPING COUNTRIES HAVE HAD TO MAKE AN
INCREASING RESORT TO COMMERCIAL LOANS AT HIGHER COSTS.
AS A CONSEQUENCE, BURDEN OF EXTERNAL INDEBTEDNESS IS
BECOMING MORE PRESSING. SERVICING PUBLIC DEBT OF DEVELOPING
COUNTRIES ABSORBED ABOUT 10 PERCENT OF THEIR EXPORT EARNINGS
IN 1971, AND PLIGHT OF SOME OF THESE COUNTRIES WAS EVEN
MORE ALARMING. THIS SITUATION WILL CONTINUE TO AGGRAVATE
AND RATION WILL RISE RAPIDLY UNLESS COUNTER MEASURES ARE
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URGENTLY TAKEN.

26 ATTAINMENT OF STRATEGY OBJECTIVES RELATING TO EARNINGS OF DEVELOPING COUNTRIES FROM INVISIBLE TRADE CONTINUES TO BE BESET WITH DIFFICULTIES. SHARE OF DEVELOPING COUNTRIES IN WORLD SHIPPING TONNAGE DECLINED FROM 6.3 PERCENT IN 1970 TO 5.5 PERCENT IN 1972. SHARP INCREASES IN 1971 IN FREIGHT RATES CHARGED BY LINER CONFERNCES WERE PROBABLY UNPRECEDENTED; SUCH INCREASES HAVE AGGRAVATED BALANCE OF PAYMENTS PROBLEMS OF DEVELOPING COUNTRIES.

27. WHILE STUDIES HAVE BEEN MADE OR INITIAT
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